with the diffusion of advanced technology abroad, effectively reduced our competitive edge in the international market. 4/

With regard to whether the Federal deficit creates a shortage of capital, thus inhibiting recovery, it may be useful to raise two questions. First, if the Federal Reserve supports the bond market, can there be a shortage of capital caused by the deficit? Secondly, if the system is already operating below capacity, is the public sector really competing with the private sector for capital?

The first question is easily dispensed with since the answer is implicit in the action of the Federal Reserve. In regard to the second question, we may observe that even in a full employed economy, the real problem is not the unavailability or cost of capital to business, but the higher costs of financing the public debt and danger of inflation. At full employment, business not only generates much of its own investment funds through retained earnings, but the real cost of capital is not a pressing problem. On the other hand, at less than full employment, the firm may operate between 65 and 75 percent of capacity and either earn negative returns or barely break even, thus making borrowing at any interest rate penurious. Experience shows that as output expands to 80, 85, and 90 percent of capacity, profits grow very quickly, retained earnings pile up, and the interest rate on borrowed capital becomes academic. 5/

Coping with Structural Change

Another popular topic of interest involves assaying the effects of and forecasting structural change. All too often, measuring structural change and its effects is grossly inaccurate and exaggerated. For example, over the past two years estimates of the number of workers dislocated by structural change has varied from 50,000 to 2,000,000. Clearly, what is needed is a better conceptual framework for defining and measuring structural change and its effects. Otherwise policies to address problems engendered by structural change are bound to be misdirected and operate at cross-purposes.

4/ It should also be noted that in 11 of the past 13 years, the United States has experienced a deficit in merchandise trade. In 1977 and 1978, when the Federal deficit was only a fraction of that in 1983, our deficit in the merchandise trade account was 1.6 percent of GNP, not much different from the 1.8 percent of GNP in 1983. As in 1983, the U.S. economy was exhibiting strong growth in 1977 and 1978 which, as demonstrated historically, causes imports to rise faster than exports. This is not to say that the over-valued dollar has no bearing on our merchandise trade balance, only to suggest that it has been exaggerated in recent discussions and that tying it primarily to the Federal deficit in 1983 over-simplifies the problem.

5/ We wish to add, however, that the interest rate in the 1970s primarily became of concern to many businesses only because they had unwisely and unnecessarily leveraged much of their expansion and acquisitions by using debt capital. Part of the blame for this leveraging rests with government and the tax code, but equally to blame are the corporate executives who eagerly accepted the nostrums of financial advisors weaned on the new-found wisdom of creative finance.

It is obvious that many of the job separations due to the recession are being treated as jobs losses due to structural change when the job separations are due to a decline in aggregate demand and, therefore, there is little sense in directing massive programs to deal with structural displacement. Admittedly, there is a fine line between structural and cyclical unemployment, but it seems easier to separate the two when the economy is operating at full employment because, at that time, long-term unemployment can more readily be linked to structural problems. Moreover, it is easier to accommodate structural change when the economy is at or near full employment and to formulate programs for displaced workers with a higher degree of success. However, until better concepts and methods are devised for identifying and gauging the nature and incidence of structural displacement, it is doubtful whether effective programs to deal with the problem can be developed.

One caveat that requires emphasis is the limitation that applies to attempts to promote faster or preferred growth through policies that are directed to a predetermined distribution of industrial employment. Twenty years ago it was fashionable to develop models of planned industrial growth that would resolve many of the problems that were presumed to result from unplanned growth. At the time, the Netherlands was held out by many developmental economists and planners as a model for controlled industrialization and growth in order to ward off many of the problems of structural change. Today, very few economists would regard the Netherlands experience as any more successful than that of countries where the direction of economic and industrial activity was not planned. A similar condition belies the effectiveness of the British Investment Board which was created to direct investments into industries and areas to promote orderly and sustained growth. In Austria and selected other European nations incomes policies were employed in the 1960s and 1970s to control inflation, promote orderly growth, and secure an equitable distribution of income. However, experience has indicated that success is easier to achieve in theory than in practice. More recently, considerable effort in the United States has been directed to promoting an industrial policy focused largely on high technology to overcome sluggish growth, reduce unemployment, and deal with structural change. Much of this effort has failed to consider the realities of the economic system and the market structure of jobs.6/

III. The 1984 Forecast

As before, we first offer a set of assumptions on which our forecasts are based so that readers can make their own evaluation as to whether the forecasts appear reasonable. We hasten to add that all assumptions, regardless of who makes them, are reflective of how the forecaster perceives key institutions and economic agents reacting to an environment that is susceptible to change and which they cannot fully comprehend or control.

6/ On the employment side, see our article, "High Technology: Myth and Reality", in the May 1983 issue of our Review of Labor and Economic Conditions. For another view, see the article by Riche, Hecker, and Burgan in the November 1983 issue of the Monthly Labor Review, published by the Bureau of Labor Statistics, U.S. Department of Labor.

Fiscal and Monetary Policy

Although the Federal deficit will again approach $200 billion in 1984, there is still considerable slack in the economy to avoid any serious threat of inflation. Moreover, an increase in output in recovery periods is usually accompanied by increases in productivity which also dampens inflationary pressures. Given continued improvement in corporate cash flow, and assuming the Federal Reserve will expand the money supply to accommodate an expansion in economic activity, there seems to be no reason to fear a shortage of capital. Without a serious inflationary threat, interest rates should also remain largely unchanged.

Although we are not inclined to put too much faith in Presidential elections as an economic elixir, we have found it interesting that, except for 1980, every Presidential election year produced an expansion in economic activity. In fact, the expansions were fairly strong in most of these election years. It may be that Presidential elections are conducive to a general psychology of spending based on the promised bounties of tomorrow. Whatever, this historical record can offer an added dimension to all forecasts.

Disposable Income and Spending

Preliminary estimates by the U.S. Department of Commerce showed disposable personal income in 1983 rising by 7.3 percent. After adjustment by the Consumer Price Index, disposable personal income exhibited better growth than in any year since 1973, except for 1978. As economic activity and employment expands, both labor and property income will continue to grow. We expect this growth to at least match that of 1983.

On the expenditure side, consumer outlays should pretty well follow last year's growth, while business investment and Federal government spending are projected to rise at a faster pace than in 1983. With tax collections moving in tandem with increased economic activity, State and local government expenditures should also show some modest increases. Aggregate spending will not, however, fully match output due to the deficit in our merchandise trade account. However, in the context of aggregate economic activity, this has a relatively small effect on total output.

Threat of Inflation

Despite a Federal deficit approaching $200 billion, there is sufficient excess capacity in the system to ward off any large scale increase in prices. While many analysts decry the assumed effects of the over-valued dollar on our export trade, it can be viewed as a blessing in disguise since it means cheaper imports of raw materials and components for fabrication in the United States. And, though our farmers and manufacturers are hurt by weak exports, the American consumer gains by lower prices at the supermarket. In short, given the over-valued dollar and excess capacity in the system, together with productivity increases from expansions in output, it seems that any serious threat of run-away inflation can be avoided even if Federal Reserve expands the money supply to accommodate economic growth and support deficit financing. With the threat of inflation muted, interest rates should remain at or near their current load.

Labor Force, Productivity, and Hours Worked

As we noted earlier, although real Gross National Product grew by 3.4 percent in 1983, employment failed to grow at the same pace because both productivity per man-hour and hours worked rose by more than expected. This also explains why unemployment did not fall as much as expected despite the modest growth (1.3 percent) in the labor force. At year end, however, hours worked per week were at a point where only nominal increases could be expected. Thus, a key to new hires and employment increases will depend heavily on productivity. Empirical studies and modern microeconomic theory indicate that marginal and average variable costs in large-scale firms tend to decline over a wide output range up to capacity. However, there is still considerable disagreement as to what represents capacity. In this respect, the economist's view of capacity is not that of the engineer's since it is based on the behavior of cost curves. Our own inclination is to regard the economic plant capacity as falling somewhere around 90 to 92 percent of that which is set by engineers. This view is largely predicated on the fact that labor is not of uniform quality and that unit costs begin to rise sharply before engineering capacity is reached. 7/

Given the above observations, we envisage productivity increases to be more difficult to achieve as output approaches 90 to 92 percent of capacity. Therefore, while employment is not likely to grow in unison with output at lower levels of capacity, it can be expected to match output growth once firms begin to approach the most economic scale of operations. We do not anticipate many industries operating at 90 to 92 percent of capacity in 1984, hence employment will grow at a slower pace than output.

Although the labor force normally expands faster as economic conditions improve, demographic trends for the 1980s point to slower growth in the number of job seekers than in the 1970s. In 1983, the labor force grew by slightly under 1.3 percent. We anticipate a similar increase in 1984.

Forecast of U.S. Gross National Product, Employment, and Unemployment

Tables 1 and 2 provide forecasts of income, aggregate demand, and labor force behavior for 1984. The forecasts assume continued improvement in the economy with output and employment rising, unemployment declining, and inflation edging a bit above the 1983 pace. We also expect our merchandise trade deficit to prevail, albeit at a reduced level, and the dollar to remain fairly strong in foreign exchange markets.

7/ It also derives from the fact that unit costs for the existing plant at, say, 90 percent of engineering capacity are likely to be higher than for a larger plant, technology and input prices remaining constant.

Table 1. Forecast Changes in GNP and Components, 1984/1983

	Component	Estimated % Change
A.	Income and Consumption	
	1. Disposable Income	8.2
	2. Consumption Effect of Change in Savings Rate	nil
	3. Consumption Effect of Installment Credit	0.5
	4. Total Change in Personal Consumption	8.7
	5. Price-Adjusted Change in Personal Consumption	4.2
	6. Net Contribution to Change in GNP	2.7
B.	Gross Private Domestic Investment (GPDI)	
	1. Nonresidential Fixed Investment	15.0
	2. Residential Fixed Investment	10.0
	3. Impact of Change in Business Inventories	8.0
	4. Total Change in GPDI	13.5
	5. Price-Adjusted Change in GPDI	8.0
	6. Net Contribution to Change in GNP	1.2
C.	Government Purchases of Goods & Services	
	1. Federal	8.5
	2. State and Local	6.5
	3. Total Change in Government Purchases	7.3
	4. Price-Adjusted Change in Government Purchases	2.0
	5. Net Contribution to Change in GNP	0.5
D.	1984/1983 Change in Real GNP	4.4

Table 2. Forecasts of U.S. Labor Market Conditions

	Item	1983 Average	Estimated % Change	Estimated 1984 Average
1.	Output Per Man-Hour	-------	1.0	----------
2.	Hours Worked Per Week	-------	nil	----------
3.	Civilian Labor Force	111.6 mil.	1.3	113.1 mil.
4.	Civilian Employment	100.8 mil.	3.4	104.2 mil.
5.	Unemployment	10.8 mil.		8.9 mil.
6.	Unemployment Rate	9.7%		7.9%

The Minnesota Forecast

As we noted in our year-ago forecast, Minnesota nonfarm payrolls and employment showed greater swings in the 1980-81 business cycle than did the Nation. This reversal of earlier post-World War II experience signalled a new twist in the State's economic fortunes. We also noted that the 1980-81 reversal of earlier experience was primarily due to payroll swings in the Manufacturing and Construction industries.

Although the 1982 contraction was more pervasive than the 1980-81 downturn, it is too early to gauge the overall swings in the current cycle. In Minnesota, what probably makes the Manufacturing sector cyclically sensitive is the rising importance of the durable goods industries which are susceptible to wide swings in capital goods investment. Such swings are reflective of the accelerator principle which, in the jargon of macroeconomic theory, is the tail that wags the proverbial economic dog. Inasmuch as Minnesota's durable goods manufacturing activity is heavily oriented toward capital goods, one can assume the accelerator principle to play an important role in manufacturing payroll behavior. Moreover, since the Manufacturing sector is a large generator of income, its health directly affects many tertiary industries such as Trade, Services, and the Finance, Insurance, and Real Estate sectors. In short, it is unfortunate that the Manufacturing sector has recently been written off as viable growth industry because careful study will show that it is an important link to the overall health of the economy and contributes to the development of many jobs that would not otherwise exist.

Looking to the State's economic climate in 1984, we need only to recognize the close linkage that exists with the national economy. We have already observed the linkage that exists between our durable goods manufacturing activity and capital goods investment. The fact that price-adjusted new plant and equipment expenditures are projected to rise by over 9.0 percent at the national level should augur well for the Minnesota producer goods industry. As noted earlier, the Trade, Services, and Finance, Insurance, and Real Estate industries can expect to benefit from higher manufacturing incomes and support services. Employment in Metal Mining is not expected to show any significant growth, whereas a disproportion of construction activity seems destined to occur in the Twin Cities metropolitan area. Table 3 summarizes labor market conditions that are expected to prevail in Minnesota in the current year.

Table 3. Forecast Minnesota Labor Market Conditions*

	Item	1983 Average (000s)	Estimated % Change	Estimated 1984 Average (000s)
1.	Labor Force	2174	2.1*	2220
2.	Employment	1997	4.0	2077
3.	Unemployment	177	-19.2	143
4.	Unemployment Rate	8.1%	-21.0	6.4%

* Labor Force estimates for 1983 were revised in February based on BLS benchmarks. Hence, the forecast values also changed. These changes were made after publication of the earlier forecast.

Brief Analysis Of Economic Conditions

THE NATIONAL AND STATE ECONOMIES AT YEAR'S END

By B. Boyle

NATION

Economic data for January indicate that the Nation's economy is now growing at a very fast pace. The economic news for January was somewhat surprising in that it had appeared in the fourth quarter that the economy was headed for a period of more moderate growth.

The employment and unemployment picture improved significantly in the period from September through January. Since September, seasonally adjusted total employment has risen by 1.3 million and even more important, industry employment, also seasonally adjusted has increased by slightly more than 1 million. Excluding the surge in September after the communications strike, the January rise of 287,000 in industry employment was the largest advance in seven months. Also significant in January was a very large gain of 103,000 in construction employment. Meanwhile, manufacturing employment, especially in durable goods, continued to record substantial increases.

Developments in other major economic indicators also suggested that the economy was very strong in January. Industrial production rose 1.1 percent in January after gains averaging 0.6 percent in the three previous months. Also, retail sales jumped by 2.2 percent in January, much stronger than expected following the very weak 0.1 percent increase in December. Perhaps even more significant, housing starts swelled by 15 percent in January to their highest since the boom in 1978. Meanwhile, personal income and personal spending continued to slow substantial gains.

STATE

The Minnesota economy, like that of the Nation, appeared to be quite healthy in January. The unemployment rate rose much less than it normally does in January while total employment fell at a lower rate than usual in January. Also like the United States, the gains in nonfarm payroll employment have been stronger in the past four or five months than in earlier months of the recovery.

The State's seasonally unadjusted unemployment rate rose only 0.1 of a percentage point to 7.8 percent in January, in contrast to the average December to January increase of 0.8 of a percentage point over the past thirteen years. Also, unadjusted total employment fell only 1.2 percent in January, well below the average January drop of 2.7 percent. Moreover, the over-the-year rise of 4.7 percent in total employment was the largest since the 4.8 percent in December 1978. The over-the-year gains in employment have been getting increasingly larger in each month since August. Meanwhile, seasonally adjusted nonfarm payroll empoloyment rose by a very strong 14,500 in January, the largest one month gain since the upturn began in January 1983. Since August, seasonally adjusted payroll employment has increased by an average of 8,400 per month, considerably above the average monthly gain of 4,600 during the first eight months of the recovery. The recent growth in payroll employment in Minnesota has been concentrated in the trade and services industries whereas in the Nation the largest employment increases over the past four months were in manufacturing.

Forecasts

FORECASTS OF GNP AND MINNESOTA PAYROLL EMPLOYMENT

By C. Cline

In all cases the forecasts on this page are computed using revised as opposed to preliminary estimates. However for the forecasts made in this quarter of each year, the revisions in the data for employment are more extensive, going back as far as three to six years. This is due to "benchmarking" the survey estimates to actual figures in the unemployment insurance fund administrative records. This can produce sizable revisions in the underlying data and thus in the forecasts themselves.

It did this year. For example, the one-period ahead forecast of fourth quarter, 1983, wage and salary employment was 1,744.41 prior to benchmarked data. Afterwards the forecast was 1,756.01. Hence the reader should not be surprised to find that the forecasts in this issue differ appreciably from those for the same quarters in the previous issue of the Review.

The Mining industry experienced a significant drop in employment in the third quarter of 1982 when employment fell from 11,844 to 6,947. This has persisted to the present. Similar sharp reductions have occurred before but have not persisted as long. As a result our forecasts have consistently overestimated the actual values. For the near term, readers might use a correction of -1.1 for one-period ahead, -2.2 for two-period ahead, and -3.0 for three through eight-period ahead forecasts for Mining.

Quarter	Real GNP (Billions of 1972 Dollars)	MINNESOTA PAYROLL EMPLOYMENT, BY QUARTER (In Thousands)								
		Total Nonagricultural Wage & Salary	Mining	Contract Construction	Manufacturing	Transportation, Communications, & Public Utilities	Retail and Wholesale Trade	Finance, Insurance, & Real Estate	Services	Government
CURRENT										
1983-IV	1571.90	1759.26	7.33	66.51	351.94	95.24	440.11	101.99	400.93	295.21
FORECAST										
1984-I	1588.62	1725.71	7.47	50.50	345.87	94.05	428.33	102.50	398.12	295.64
1984-II	1606.86	1795.70	9.39	63.97	354.05	95.54	449.10	105.11	413.27	298.04
1984-III	1628.36	1821.51	9.94	75.51	370.99	95.47	453.02	106.98	418.91	276.01
1984-IV	1647.38	1851.89	9.51	71.74	366.50	99.00	460.22	106.98	425.02	300.36
1985-I	1666.48	1813.62	9.12	54.31	362.22	96.98	449.16	107.46	422.85	301.59
1985-II	1684.11	1884.96	10.47	68.54	370.13	99.14	470.59	110.10	439.63	303.50
1985-III	1699.68	1912.14	10.76	80.42	387.32	99.59	473.44	111.94	444.32	281.93
1985-IV	1716.07	1939.36	10.25	75.38	381.74	102.73	481.07	111.85	451.39	304.26

Notes

1. These forecasts are produced using the Vector Autoregression model developed for Research by Rao Aiyagari.
2. The concept of employment forecasted is that of Nonagricultural Wage and Salary employment. The count represents the number of jobs held since the data is generated from a survey of employer payroll records. Groups included in labor force employment, but excluded here are the self employed, domestics, unpaid family workers, employees of nonprofit institutions, and those government workers not covered by unemployment insurance.
3. Employment forecasts are seasonally unadjusted values. Real GNP is seasonally adjusted.
4. Forecasts of major industry employment do not sum to the forecast of total wage and salary employment. This is due to random error in the forecasted values.
5. There is great diversity in the accuracy of our forecasts among the major industry division. More information on their accuracy can be obtained from the author on request.

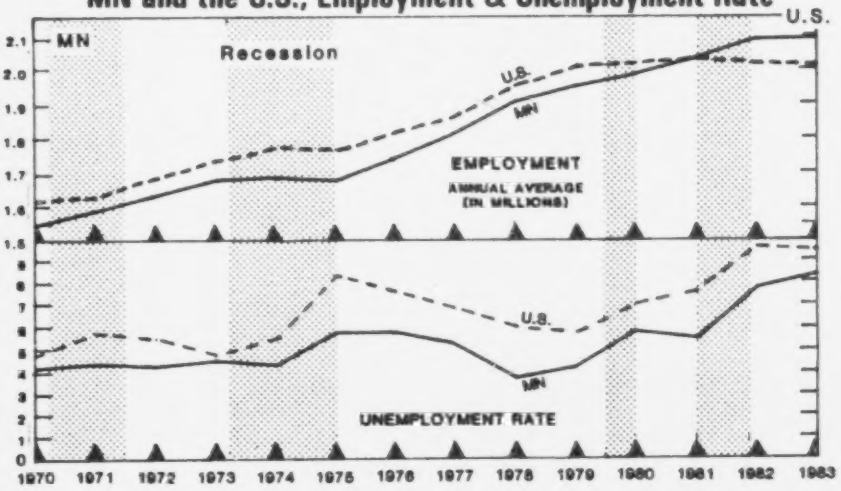
Labor Force Statistics

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	January 1984	Change From Last Mo.	Change From Year Ago	January 1984	Change From Last Mo.	Change From Year Ago
Civilian Labor Force	2150.7	-24.5	39.5	111.0	-0.8	1.2
Employed	1983.9	-23.3	88.9	101.3	-1.5	4.0
Unemployed	166.8	- 1.2	-49.4	9.7	0.7	-2.8
Unemployment Rate						
Actual	7.8	0.1	- 2.4	8.8	0.8	-2.6
Seasonally Adjusted	n.a.	n.a.	n.a.	8.0	-0.2	-2.4

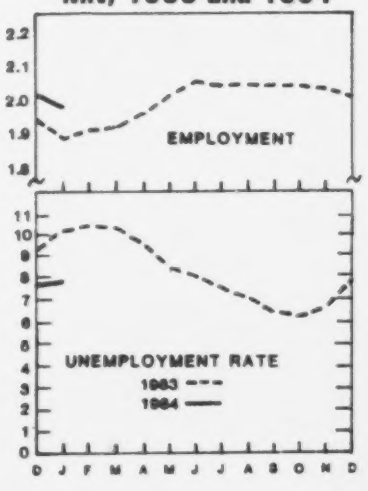
Historical Labor Force Series

Year	Minnesota (Annual Average in '000's)				United States (Annual Average in '000,000's)			
	Labor Force	Employment	Unemployment Number	Unemployment Rate	Labor Force	Employment	Unemployment Number	Unemployment Rate
1970	1625.0	1557.0	68.0	4.2	82.8	78.7	4.1	4.9
1971	1665.0	1593.0	73.0	4.4	84.4	79.4	5.0	5.9
1972	1709.0	1635.0	73.0	4.3	87.0	82.2	4.9	5.6
1973	1774.0	1694.0	80.0	4.5	89.4	85.1	4.4	4.9
1974	1779.0	1701.0	77.0	4.3	91.9	86.8	5.2	5.6
1975	1804.0	1697.0	107.0	5.9	93.8	85.8	7.9	8.5
1976	1849.0	1739.0	109.0	5.9	96.2	88.8	7.4	7.7
1977	1907.0	1809.0	97.0	5.1	99.0	92.0	7.0	7.1
1978	1979.0	1903.0	75.0	3.8	102.3	96.0	6.2	6.1
1979	2038.0	1953.0	85.0	4.2	105.0	98.8	6.1	5.8
1980	2109.0	1984.0	125.0	5.9	106.9	99.3	7.6	7.1
1981	2153.0	2034.0	119.0	5.5	108.7	100.4	8.3	7.6
1982	2166.0	1997.0	169.0	7.8	110.2	99.5	10.7	9.7

MN and the U.S., Employment & Unemployment Rate



MN, 1983 and 1984



Labor Market Conditions

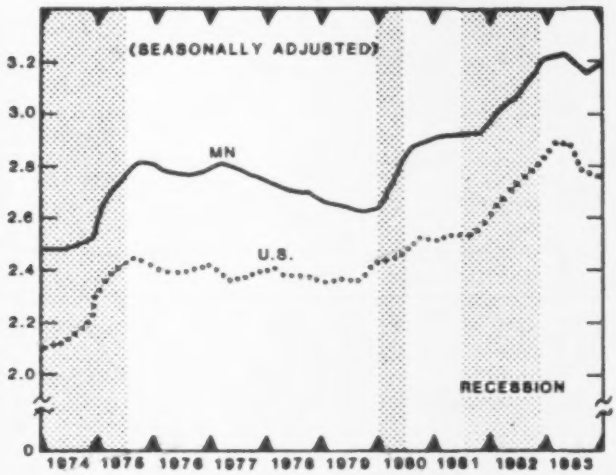
The table and graphs in this section describe the behavior of the market for labor services in terms of its quantity, price, and supply. The quantity of labor services, which is the number of employed persons, is classified by industry. The price of labor services is roughly indicated by the industry wage. Unemployment estimates provide a qualified measure of excess labor supply. The degree to which persons participate in the labor market and the effectiveness of the market in utilizing labor services are indicated by Labor Force Estimates and by Other Rates of Labor Utilization.

Labor Force And Establishment Data	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000's)		
	IV Qtr. 1983	Percent Change From Last Qtr	Percent Change From Year Ago	IV Qtr. 1983	Percent Change From Last Qtr	Percent Change From Year Ago
LABOR FORCE ESTIMATES						
Total Labor Force	2178.0	-0.9	1.1	111995	-1.1	1.2
Employment	2028.3	-0.8	2.8	102826	-0.1	3.5
Nonagriculatural	n.a.	n.a.	n.a.	99657	0.6	3.8
Agriculatural	n.a.	n.a.	n.a.	3170	-18.4	-4.8
Unemployment	149.7	-2.3	-17.2	9168	-11.1	-19.2
By Reason - New Reentrants-%*	n.a.	n.a.	n.a.	35.8	3.8	12.2
By Reason - Quit-%*	n.a.	n.a.	n.a.	9.0	18.4	32.4
By Reason - Lost-%*	n.a.	n.a.	n.a.	55.2	-4.5	-10.1
Unemployment Rates						
Actual	6.9	-1.4	-17.9	8.2	-9.9	-20.4
Seasonally Adjusted	n.a.	n.a.	n.a.	8.5	-9.6	-19.8
OTHER RATES OF LABOR UTILIZATION						
Participation Rt (Labor Force/Population 16+)	n.a.	n.a.	n.a.	64.0	-0.3	0.0
Full Employment Deficit - Percent of Workers1/	2.9	3.0	4.4	4.2	5.1	6.3
Manpower Utilization Rate2/	83.3	0.7	3.3	81.7	1.2	3.8
NONAGRICULTURAL WAGE AND SALARIED POSITIONS						
Employment*	1728.4	1.3	2.4	91381	1.3	2.9
Mining	7.4	-14.0	10.4	1047	2.4	-1.9
Construction	62.4	1.0	8.9	4089	2.0	6.6
Manufacturing	341.9	0.7	1.7	19172	2.0	5.0
Durables	203.3	1.3	2.4	11318	2.7	6.7
Nondurables	138.6	-0.3	0.6	7854	1.0	2.7
Trans., Comm., & Public Utilities	93.9	3.5	-0.2	5023	5.0	0.1
Trade	439.0	1.0	3.0	20701	0.6	1.9
Fin., Ins., & Real Estate	100.3	1.9	2.3	5521	0.7	3.0
Services	395.5	1.2	3.6	20043	1.0	4.5
Government	288.0	2.1	0.3	15785	0.3	0.1
Average Weekly Hours*						
Mining	36.3	6.8	-6.7	43.1	1.2	2.9
Construction	35.9	-5.8	2.6	36.8	-3.2	0.3
Manufacturing	40.1	0.3	2.3	40.6	0.5	4.1
Durables	40.8	0.2	2.3	41.2	0.5	4.8
Nondurables	39.1	-1.0	2.4	39.7	0.3	2.8
Trans., Comm., & Public Utilities	38.7	0.8	2.4	39.4	0.5	1.3
Trade	30.8	2.3	3.7	32.1	0.9	0.6
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	36.1	0.0	-0.3
Services	n.a.	n.a.	n.a.	32.8	0.3	0.6
Average Hourly Wage						
Mining	11.98	-1.2	-8.8	11.40	0.8	3.6
Construction	14.71	-0.5	2.2	11.98	0.8	1.1
Manufacturing	9.68	1.5	4.1	8.98	1.5	4.2
Durables	9.80	0.7	4.9	9.55	1.5	4.0
Nondurables	9.52	2.4	3.1	8.17	1.0	3.7
Trans., Comm., & Public Utilities	11.16	1.3	5.8	10.99	1.6	4.1
Trade	7.34	0.0	4.6	6.57	1.1	4.6
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	7.42	1.8	6.2
Services	n.a.	n.a.	n.a.	7.41	2.6	4.7
Estimates of Labor Turnover (Mfg. Only)	Estimates of Labor Turnover have been discontinued as of January 1, 1982.					

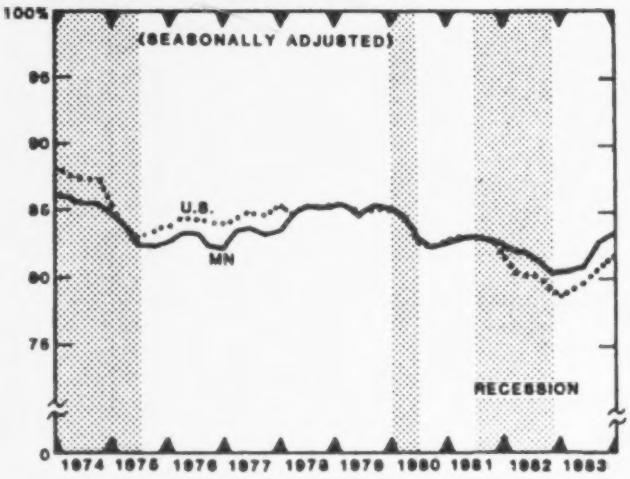
a/ Values are numerical values, not percent changes.

Labor Market Conditions

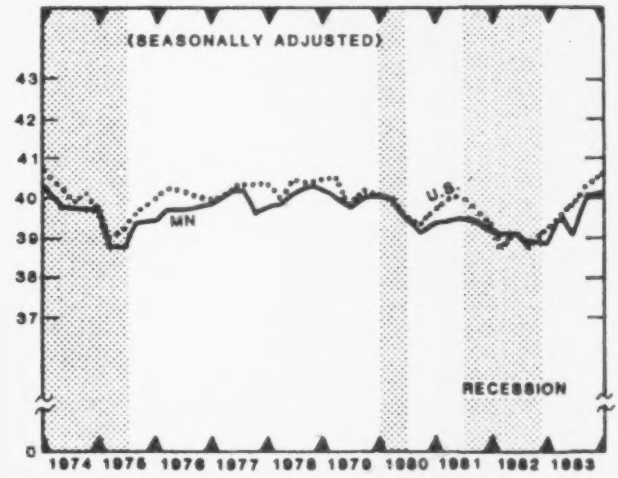
Ratio of Service to Goods Producing Jobs



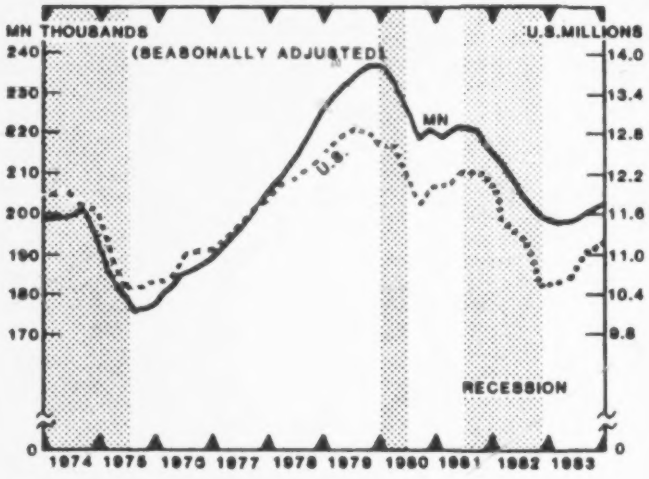
Manpower Utilization Rate



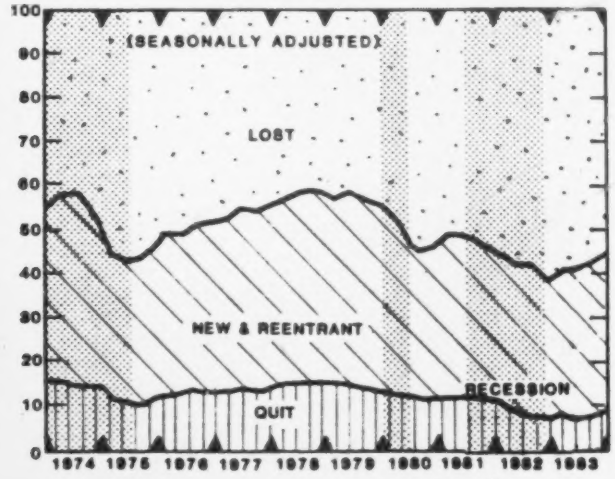
Average Weekly Hours, Manufacturing



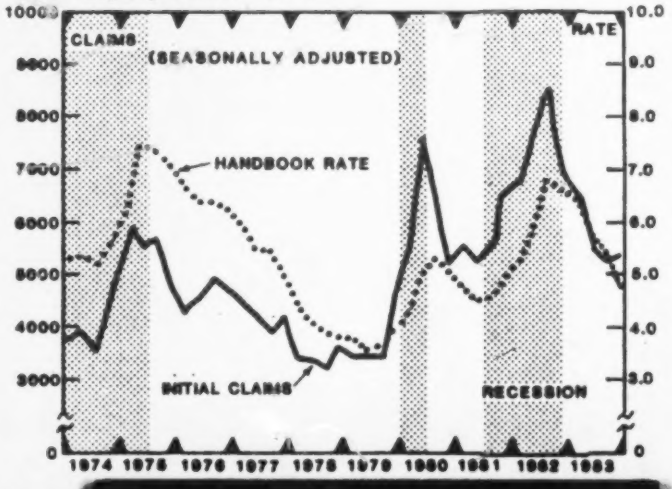
Manufacturing Employment, Durable Goods



U.S. Unemployment: Percent Distribution by Reason



MN Weekly Initial Claims & Handbook Unemployment Rate[1]



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Labor Market Conditions

The Table below provides data on persons who file claims for unemployment compensation in Minnesota. Only those claiming benefits from the regular State program are represented, since data on the characteristics of Federal employees and veterans are not available, and data on those receiving benefits from extended programs is reported only when those programs are in effect. If those receiving extended benefits were included they would distort the numerical comparisons over time, but would not substantially change the percentage distributions other than to increase the proportion of long-term unemployed.

Persons Claiming Benefits	Fourth Quarter 1983			January 1984			Percent Long Term
	Number	Percent Change From		Number	Percent Change From		
		Last Qtr.	Year Ago		Month Ago	Year Ago	
By Age & Sex							
Male	25,791	31.7	-42.5	46,114	25.1	-27.6	8.3
Under 45	19,802	33.3	-43.4	36,130	25.6	-27.3	7.7
Under 25	4,908	48.6	-47.1	9,384	24.0	-33.6	5.7
25-34	9,696	31.0	-43.8	17,946	28.0	-24.7	7.8
35-44	5,198	25.0	-38.3	8,800	22.7	-24.8	9.6
45 and Over	5,989	26.9	-39.4	9,984	23.5	-28.8	10.5
45-54	3,469	34.1	-38.6	5,738	21.5	-28.5	9.8
55 and Over	2,520	18.0	-40.5	4,246	26.2	-29.2	11.4
Female	10,701	-13.9	-40.8	13,633	14.4	-34.5	16.8
Under 45	7,841	-14.0	-42.7	9,876	15.2	-35.5	16.4
Under 25	2,052	- 1.3	-46.5	2,715	16.7	-40.9	14.4
25-34	3,513	-16.4	-41.9	4,375	16.6	-33.8	17.5
35-44	2,276	-19.7	-40.2	2,786	11.7	-32.3	16.7
45 and Over	2,860	-13.8	-34.9	3,757	12.5	-31.6	17.9
45-54	1,588	-15.1	-36.8	2,027	11.5	-32.6	17.8
55 and Over	1,272	-12.2	-32.3	1,730	13.6	-30.3	18.0
By Industry	36,492	14.0	-42.0	59,747	22.5	-29.3	10.2
Ag., For., Fish.	841	158.8	-20.8	1,960	26.5	-14.3	3.5
Mining	3,269	52.3	-52.5	3,563	3.1	-29.4	15.1
Construction	7,142	123.0	-27.3	18,612	36.1	-12.6	2.4
Manufacturing	8,579	7.2	-57.5	14,053	21.8	-44.0	10.1
Pub. Utilities	1,362	-14.8	-35.4	2,334	26.5	-30.7	9.9
Wholesale Trade	2,301	- 2.6	-43.7	3,209	17.2	-40.9	15.7
Retail Trade	4,153	-12.5	-31.5	5,786	20.3	-29.6	17.4
Fin., Ins., Real Est.	913	- 7.4	-29.1	1,038	10.2	-30.8	28.6
Services	6,068	-18.0	-36.5	7,302	10.8	-25.9	19.1
Public Admin.	986	61.4	-16.4	1,389	10.9	-11.7	12.3
Inf. Not Available	878	38.5	34.7	501	35.0	-41.7	2.1
By Occupation	36,492	14.0	-42.0	59,747	22.5	-29.3	10.2
Prof., Tech., Mgr.	4,732	-24.6	-40.8	5,028	11.1	-35.5	25.4
Clerical	3,973	-13.5	-37.1	4,255	6.3	-36.5	25.1
Sales	1,330	-13.4	-33.1	1,601	18.9	-34.8	23.1
Services	2,947	3.7	-30.0	3,658	10.8	-29.1	17.2
Farm., For., Fish.	781	242.5	-17.4	1,728	21.9	- 8.9	3.2
Processing	1,439	5.7	-37.1	3,260	43.4	- 9.5	3.7
Machine Trade	1,952	- 1.6	-61.9	2,705	17.7	-53.0	13.8
Benchwork	3,079	23.5	-57.6	4,361	13.0	-46.5	10.0
Structural Work	8,484	90.8	-34.3	20,470	35.1	-20.1	3.1
Misc.	7,396	20.9	-46.0	12,226	19.9	-28.6	9.2
Inf. Not Available	379	-26.3	96.4	455	15.5	84.2	7.1
By Duration	36,492	14.0	-42.0	59,747	22.5	-29.3	
0-14 Weeks	30,745	30.5	-31.9	53,633	23.1	-22.4	
15+ Weeks (Long-Term)	5,747	-32.0	-67.6	6,114	17.4	-60.3	

Labor Market Conditions

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT[1] (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Jan. 1984	Dec. 1983	Jan. 1983	Dec. 1983	Jan. 1983	Jan. 1984	Dec. 1983	Jan. 1984	Dec. 1983	Jan. 1984	Dec. 1983
TOTAL NONAGRICULTURAL	1717.6	1757.1	1651.2	-2.2	4.0						
MANUFACTURING	347.2	350.6	330.8	-1.0	5.0	398.78	395.85	9.75	9.75	40.9	40.6
Durable Goods	208.1	209.9	195.1	-0.8	6.7	411.46	408.51	9.82	9.82	41.9	41.6
Furniture, Lumber and Wood	14.2	14.6	13.0	-2.4	9.6	407.23	392.22	10.08	9.83	40.4	39.9
Stone, Clay and Glass	7.9	8.8	7.0	-10.2	12.6	374.36	375.59	9.80	9.91	38.2	37.9
Primary Metals	5.8	5.6	5.2	2.5	10.6	391.87	382.02	9.05	9.01	43.3	42.4
Fabricated Metals	32.7	33.1	32.1	-1.1	1.9	451.94	465.72	10.89	11.01	41.5	42.3
Nonelectrical Machinery	83.6	83.5	77.1	0.1	8.3	425.00	424.85	10.00	10.02	42.5	42.4
Electrical Machinery	26.4	26.7	24.8	-1.3	6.5	355.73	353.17	8.49	8.51	41.9	41.5
Transportation Equipment	6.6	6.7	4.1	-2.0	60.3	487.08	430.61	11.02	10.58	44.2	40.7
Other Durable Goods [2]	31.0	30.9	31.8	0.4	-2.6	387.74	386.74	9.21	9.23	42.1	41.9
Nondurable Goods	139.1	140.7	135.6	-1.1	2.5	381.18	379.25	9.65	9.65	39.5	39.3
Food and Kindred	42.5	43.9	43.8	-3.2	-3.0	346.46	337.43	8.64	8.63	40.1	39.1
Textile and Apparel	4.8	4.8	4.6	0.7	3.9	220.46	211.11	6.09	5.93	36.2	35.6
Paper and Allied	32.6	32.7	32.0	-0.1	2.0	479.16	482.85	10.99	11.10	43.6	43.5
Printing and Publishing	37.6	37.6	34.8	-0.1	7.9	380.49	379.34	10.54	10.45	36.1	36.3
Chemical and Petroleum	9.1	9.2	9.0	-1.1	0.4	433.76	436.70	10.79	11.00	40.2	39.7
Rubber and Leather	12.5	12.6	11.3	-0.4	10.4	313.01	316.34	8.13	8.07	38.5	39.2
NONMANUFACTURING	1370.4	1406.5	1320.5	-2.6	3.8						
Mining and Quarrying	7.9	7.0	7.8	12.1	1.3	462.36	472.64	12.53	12.15	36.9	38.9
Metal Mining	6.7	5.4	6.6	22.4	0.5	482.39	510.74	13.18	12.93	36.6	39.5
Construction	51.3	60.2	46.2	-14.8	11.1	559.11	550.87	14.87	15.01	37.6	36.7
Building	16.3	18.7	14.2	-12.5	15.0	509.52	509.22	13.66	13.80	37.3	36.9
Highway and Heavy	4.5	7.2	4.7	-37.0	-3.9	433.26	472.88	11.87	12.61	36.5	37.5
Special Trades	30.5	34.4	27.3	-11.3	11.6	604.88	592.03	15.96	16.22	37.9	36.5
Transportation	58.6	60.7	57.5	-3.4	1.9						
Railroads	10.4	10.8	10.7	-3.7	-3.3	561.65	561.65	11.75	11.75	47.8	47.8
Trucking and Warehousing	23.3	24.9	22.6	-6.4	3.4	432.59	469.20	11.95	12.00	36.2	39.1
Public Utilities	34.1	34.2	33.4	-0.3	2.1	508.87	512.15	12.69	12.74	40.1	40.2
Communications	20.0	20.1	19.6	-0.1	2.2	471.64	487.63	11.91	12.07	39.6	40.4
Elec., Gas and Sanitary	14.1	14.2	13.8	-0.6	2.1	555.70	541.44	13.62	13.57	40.8	39.9
Trade	428.5	445.1	414.5	-3.7	3.4	230.51	230.79	7.46	7.35	30.9	31.4
Retail	319.2	334.3	308.3	-4.5	3.5	184.25	187.28	6.42	6.37	28.7	29.4
General Merchandise	48.8	51.7	44.9	-5.7	8.8	170.22	175.34	5.89	5.73	28.9	30.6
Food Stores	43.8	45.0	44.9	-2.7	-2.4	211.52	210.78	7.37	7.37	28.7	28.6
Automotive	33.6	34.2	32.5	-1.7	3.4	308.02	310.71	8.28	8.33	37.2	37.3
Eating and Drinking	102.3	106.5	99.1	-3.9	3.3	115.20	115.67	4.82	4.76	23.9	24.3
Wholesale	109.3	110.8	106.2	-1.4	2.9	397.17	392.89	10.21	10.10	38.9	38.9
F.I.R.E.	101.5	102.1	98.0	-0.6	3.5						
Finance	48.8	48.9	46.4	-0.3	5.1						
Insurance	36.0	36.2	35.4	-0.4	1.6						
Real Estate	16.7	17.0	16.2	-1.8	3.0						
Service Industries	395.4	401.2	376.1	-1.4	5.1						
Hotel and Lodging	20.6	20.9	18.4	-1.7	11.5						
Business Services	63.5	64.7	56.1	-1.9	13.2						
Health Services	134.2	134.5	131.6	-0.2	2.0						
Private Education	23.0	24.8	22.8	-7.2	0.8						
Soc. Serv., Museums etc.	86.0	86.9	81.6	-1.0	5.4						
Government	293.1	296.0	287.0	-1.0	2.1						
Federal	30.5	30.4	29.8	0.3	2.3						
State	73.7	74.7	72.2	-1.3	2.0						
Local	188.9	190.9	184.9	-1.1	2.1						

[1] Totals may not add because of rounding.
[2] Includes Scientific Instruments and Miscellaneous Industries.

Labor Market Conditions

Labor Force Data: State, SMSAs, and Counties

Area or County	January, 1984 Prelim. Labor Force 1/	Unemp.	Un. Rate
State of Minnesota	2150765	166822	7.8
Metropolitan Areas			
Duluth/Superior (Duluth City Only)	34232	3510	10.3
Fargo/Moorhead (Clay County, MN Only)	28021	2179	7.8
Minneapolis/St. Paul SMSA 2/	1186082	63556	5.4
Rochester SMSA (Olmsted Co.)	59192	3078	5.2
St. Cloud SMSA 3/	78600	7707	9.8
Counties			
Aitkin	5400	1234	22.9
Anoka	112737	6470	5.7
Becker	12537	2452	19.6
Beltrami	16148	1661	10.3
Benton	12189	1252	10.3
Big Stone	3669	356	9.7
Blue Earth	28288	1745	6.2
Brown	14763	1347	9.1
Carlton	11846	1526	12.9
Carver	21458	1372	6.4
Cass	9719	1542	15.9
Chippewa	7230	822	11.4
Chisago	15362	1419	9.2
Clay	28021	2179	7.8
Clearwater	4131	1052	25.5
Cook	2191	368	16.8
Cottonwood	7176	540	7.5
Crow Wing	16706	2379	14.2
Dakota	111732	6488	5.8
Dodge	7762	853	11.0
Douglas	12458	839	6.7
Faribault	10044	893	8.9
Fillmore	11848	1244	10.5
Freeborn	17437	1575	9.0
Goodhue	19423	1416	7.3
Grant	3350	313	9.3
Hennepin	535683	25266	4.7
Houston	9857	829	8.4
Hubbard	5495	894	16.3
Isanti	10176	988	9.7
Itasca	17626	2897	16.4
Jackson	7588	467	6.2
Kanabec	5314	765	14.4
Kandiyohi	17749	1560	8.8
Kittson	3271	365	11.2
Koochiching	7658	955	12.5
Lac qui Parle	5506	420	7.6
Lake	4270	925	21.7
Lake of the Woods	1885	205	10.9
Le Sueur	10958	1268	11.6
Lincoln	3628	353	9.7
Lyon	14585	1405	9.6
McLeod	16183	1320	8.2
Mahnomen	2821	377	13.4
Marshall	6199	1164	18.8
Martin	13262	1034	7.8
Meeker	10440	1443	13.8
Mille Lacs	8512	989	11.6
Morrison	12396	1704	13.7
Mower	17757	1508	8.5
Murray	5910	736	12.5
Nicollet	14524	861	5.9
Nobles	11595	1132	9.8
Norman	4265	389	9.1
Olmsted	59192	3078	5.2
Otter Tail	24383	3481	14.3
Pennington	6373	725	11.4
Pine	9546	1482	15.5
Pipestone	5407	383	7.1
Polk	17478	1580	9.0
Pope	5127	558	10.9
Ramsey	262977	13690	5.2
Red Lake	2194	476	21.7
Redwood	10075	678	6.7
Renville	10884	1071	9.8
Rice	23618	2142	9.1
Rock	5440	285	5.2
Roseau	5543	936	16.9
St. Louis (Inc. Duluth)	88391	14829	16.8
Scott	25710	1971	7.7
Sherburne	14481	1494	10.3
Sibley	8214	825	10.0
Stearns	51930	4961	9.6
Steele	16006	1267	7.9
Stevens	5620	418	7.4
Swift	5973	630	10.5
Todd	11167	1176	10.5
Traverse	2638	243	9.2
Wabasha	8972	942	10.5
Wadena	5370	684	12.7
Waseca	8691	644	7.4
Washington	65184	3608	5.5
Watonwan	6636	516	7.8
Wilkin	4103	319	7.8
Winona	22192	2200	9.9
Wright	35239	3272	9.3
Yellow Medicine	7273	702	9.7

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is Applied to all county and SMSA areas. County and area unemployment was multiplied by an adjustment factor of 1.48; employment was multiplied by 1.03. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

2/ Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright Counties.

3/ Benton, Sherburne, and Stearns Counties.

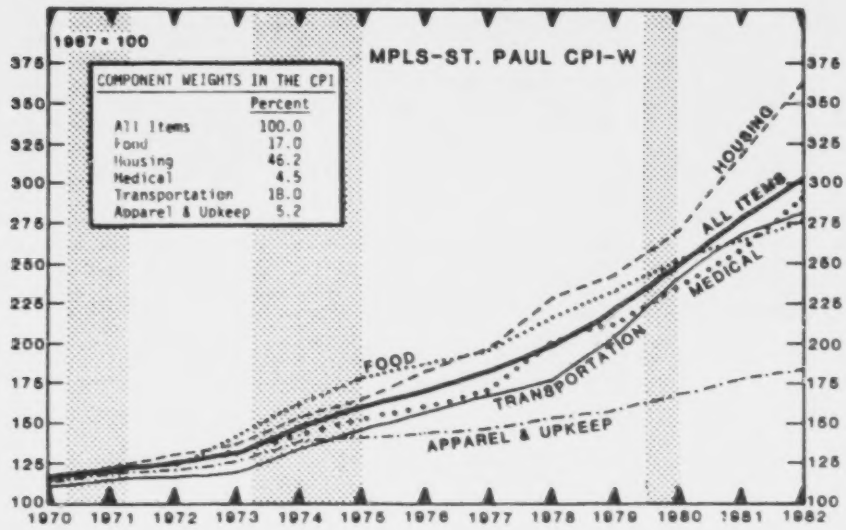
Income & Purchasing Power

This section describes how Minnesotans fare with respect to their ability to acquire goods and services needed to meet their needs and wants and how they compare with others in the United States in this respect. Real Per Capita Personal Income measures money income received by all individuals from wages and salaries, dividends, rent, professional and farm income, personal interest payments, and transfer payments, less personal contributions for social security, all adjusted for the price level as indicated by the CPI and for population. The Consumer Price Index (CPI) measures changes in the price of a representative combination of goods and services consumed by urban wage and salary workers relative to 1967. The inverse of the CPI (1/CPI) indicates the value of the dollar; when the CPI increases the value of the dollar falls. The change in the CPI over any period of time divided by the value at the beginning of the period gives the percentage change, or the rate of inflation.

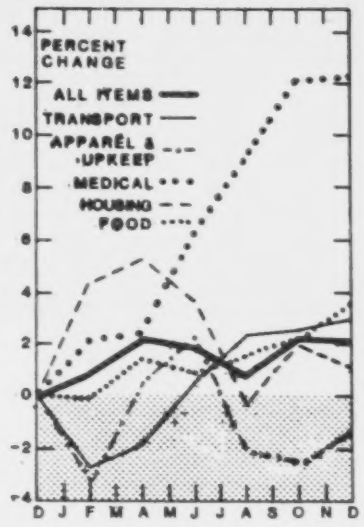
Income And Purchasing Power	MINNESOTA			UNITED STATES		
	IV Qtr. 1983	Percent Change from Last Qtr.	Percent Change from Year Ago	IV Qtr. 1983	Percent Change from Last Qtr.	Percent Change from Year Ago
INCOME STATISTICS						
Personal Income 1/*						
Total Personal Income (in Billions)	51.8	3.0	8.8	2834.4	2.6	7.7
Due to Labor 2/	n.a.	n.a.	n.a.	1899.4	56.8	75.6
Due to Property 3/	n.a.	n.a.	n.a.	649.8	39.0	24.9
Due to Transfer Payments 4/	n.a.	n.a.	n.a.	407.5	6.9	4.2
Total Disposable Personal Income	n.a.	n.a.	n.a.	2423.6	2.6	8.8
As Percent of Total Pers. Inc.	n.a.	n.a.	n.a.	85.5	0.0	1.1
Per Capita Personal Income 5/						
Current dollar Value	12394	2.7	8.1	12057	2.4	6.7
Real (1967) Dollar Value	3965	1.7	6.1	4000	1.7	3.7
Real Median Family Money Income 5/*						
All Families	9131	1.4	5.3	8899	1.5	3.2
Four Person Families	9438	1.2	4.6	10378	1.5	3.3
Earnings of Production Workers in Mfg. 6/						
Average Weekly Earnings	391.64	3.1	7.1	367.43	2.9	8.4
Real Average Weekly Earnings 7/	125.28	2.2	5.1	121.91	2.3	5.3
Income Related Criteria 8/						
Standard Budgets						
Low						
Moderate						
High						
Poverty Level Income						
Urban Family of Four	9300	---	10.1	9300	---	10.1
Nonurban Family of Four	7910	---	10.0	7910	---	10.0
MEASURES OF PRICE CHANGE AND INFLATION						
Consumer Price Level (CPI) 9/	312.6	0.9	1.9	301.4	0.6	2.9
Food	298.9	1.1	2.5	293.2	0.3	2.2
Housing	359.4	0.8	-0.4	324.6	0.1	1.7
Transportation	289.9	0.6	2.8	307.8	1.3	3.7
Medical	340.7	2.8	13.1	362.7	1.4	6.9
Purchasing Power of the Dollar (1/CPI)	.32	-0.9	-1.9	.33	-0.6	-2.6
Wholesale Price Index	n.a.	n.a.	n.a.	306.0	0.5	1.9
Industrial Commodities	n.a.	n.a.	n.a.	318.5	0.5	1.2

Income & Purchasing Power

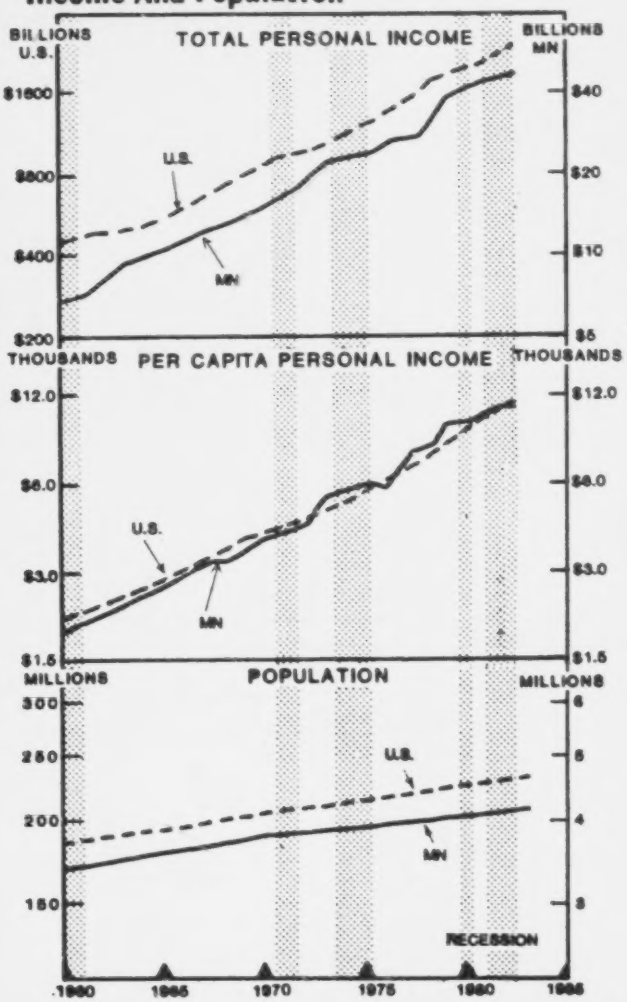
Consumer Price Index- Major Components



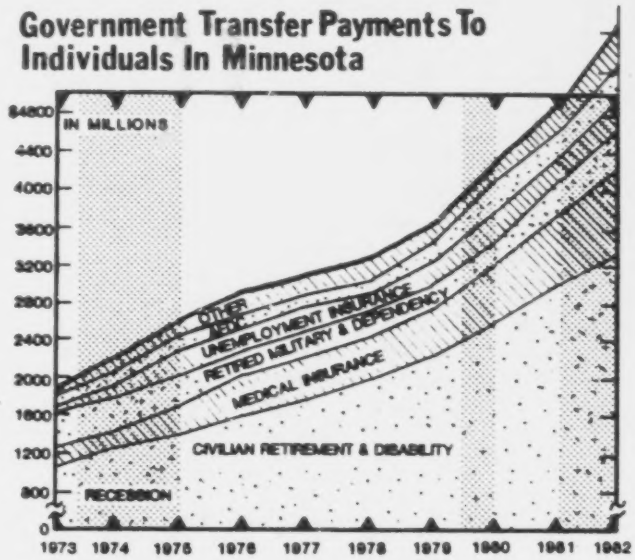
% △ From Dec. 1982



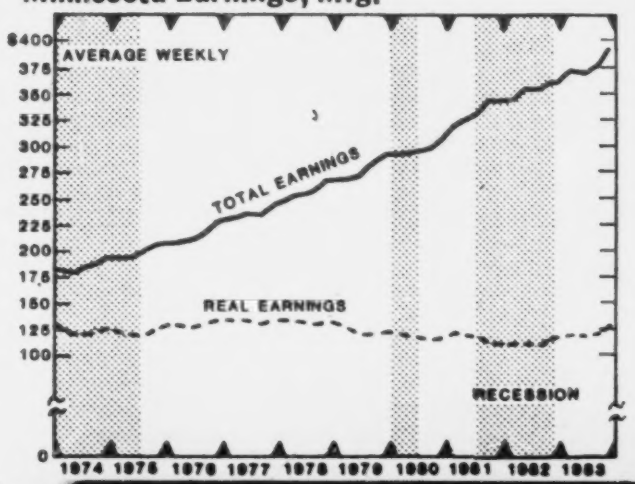
U.S. & MN Personal Income And Population



Government Transfer Payments To Individuals In Minnesota



Minnesota Earnings, Mfg.



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Output, Expenditures, Money, & Credit Conditions

The overall level and composition of National Output shape labor market conditions, and nominal and real earnings. (Nominal values are not adjusted for inflation; real values are adjusted for inflation.) Personal Consumption Expenditures, especially on Durable Goods, together with data on Retail Sales, are frequently used as indicators of future levels of employment. The number of Building Permits influences the level of employment in construction and related industries. The Federal Budget Deficit is a key indicator of the stimulatory effect of government policy. Whether this effect results in inflation, improved employment conditions, or some combination of the two, depends in part, upon the degree to which present productive capacity is utilized. Present and anticipated Money and Credit Conditions determine the ability of consumers, business, and State and Local governments to borrow in order to finance purchases, which, in turn, generate income and employment. Unfortunately, most data of this kind is available only for the Nation. However, in an economy as interdependent as ours, analysis of the directions of change of key national indicators is a useful tool for understanding the course of the State economy.

Output, Expenditure, Money, And Credit Conditions	MINNESOTA			UNITED STATES		
	IV Qtr. 1983	Percent Change from Last Qtr.	Percent Change from Year Ago	IV Qtr. 1983	Percent Change from Last Qtr.	Percent Change from Year Ago
OUTPUT AND EXPENDITURE						
Retail Sales (in millions of dollars)	1904	3.6	9.4	101627	2.8	10.5
Private Housing Units Authorized by Building Permits 1/	19952	-15.9	2.4	1626	-1.3	31.6
Index of Industrial Production 2/	n.a.	n.a.	n.a.	156.0	2.8	15.3
Gross National Product (in billions of 1972 dollars)* 3/	n.a.	n.a.	n.a.	1570.5	1.1	6.1
Personal Consumption Expenditures	n.a.	n.a.	n.a.	1032.2	1.6	5.4
Durable Goods	n.a.	n.a.	n.a.	163.6	3.6	14.2
As Percent of Pers. Cons.	n.a.	n.a.	n.a.	15.8	1.9	8.2
Nondurable Goods	n.a.	n.a.	n.a.	383.3	1.4	4.7
Services	n.a.	n.a.	n.a.	485.3	1.1	3.2
Gross Private Domestic Investment	n.a.	n.a.	n.a.	242.5	5.1	35.9
As Percent of GNP	n.a.	n.a.	n.a.	15.4	3.4	28.3
Nonresidential, Fixed	n.a.	n.a.	n.a.	178.9	5.2	11.5
Residential	n.a.	n.a.	n.a.	56.1	-1.2	38.2
Net Exports	n.a.	n.a.	n.a.	2.5	-78.1	-89.1
Government Purchases	n.a.	n.a.	n.a.	293.2	-0.7	-2.2
Federal	n.a.	n.a.	n.a.	116.9	-1.7	-6.0
State and Local	n.a.	n.a.	n.a.	176.3	0.0	0.6
GNP Gap (Full Empl. Minus Present GNP)						
1972 Dollars (in billions)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Current Dollars (in billions)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Current Federal Budget Deficit 4/						
As Percent of GNP	n.a.	n.a.	n.a.	-5.7	-5.6	-6.7
Inventory to Sales: Durable Goods in Mfg.	n.a.	n.a.	n.a.	1.85	-5.1	-23.9
New Orders to Shipments: Durable Goods	n.a.	n.a.	n.a.	1.04	1.2	4.2
Plant Capacity Utilization Rate in Mfg. 5/	n.a.	n.a.	n.a.	79.2	2.3	12.0
MONEY AND CREDIT CONDITIONS						
Interest Rates						
Discount Rate	8.50	0.0	-8.1	8.50	0.0	-8.1
Prime Rate	n.a.	n.a.	n.a.	11.00	1.9	-8.0
Rate on Conventional Mortgages	11.76	-4.2	-12.2	12.53	-1.3	-12.4
Federal Funds Rate	n.a.	n.a.	n.a.	9.43	-0.3	1.6
Consumer Installment Credit Outstanding	n.a.	n.a.	n.a.	378626	4.3	11.5
As Percent of Disposable Personal Income	n.a.	n.a.	n.a.	15.6	1.6	2.5

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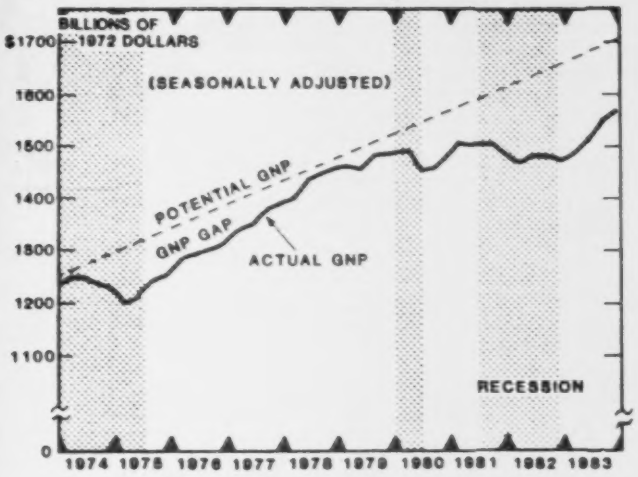
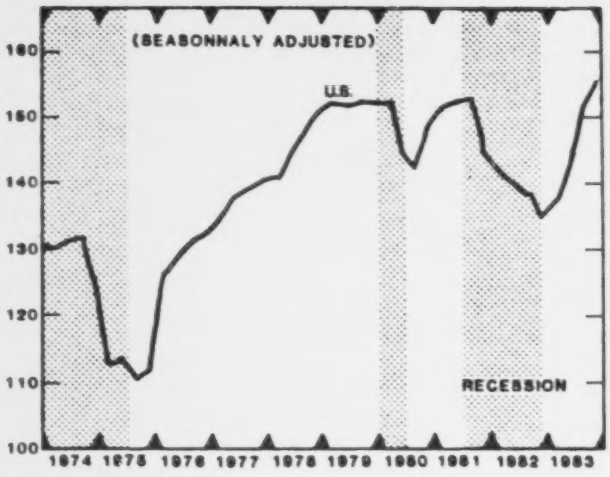
Output, Expenditures, Money, & Credit Conditions

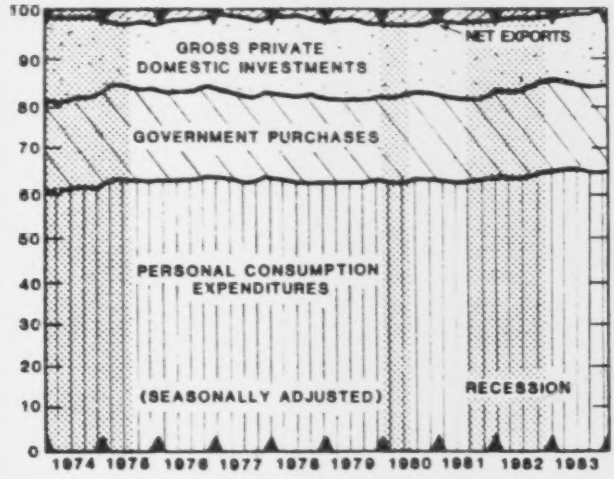
Potential & Seasonally Adjusted GNP



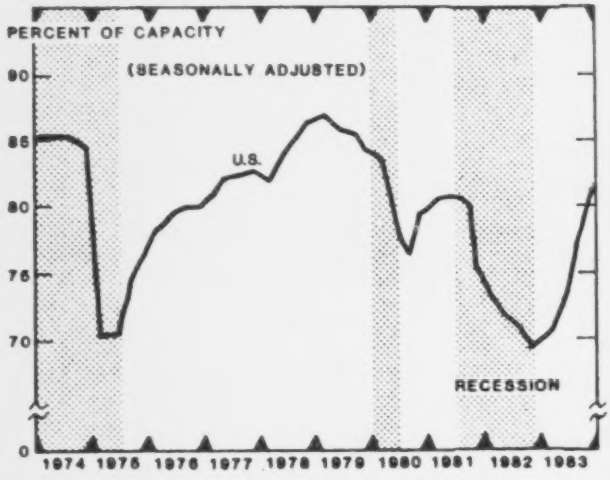
Index of Industrial Production



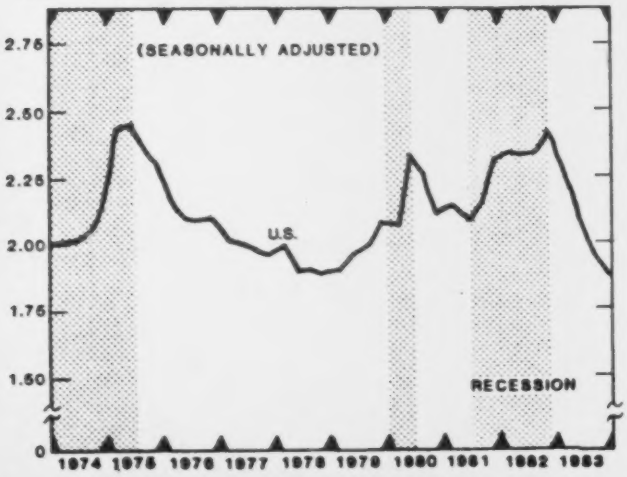
Composition of GNP in Percent



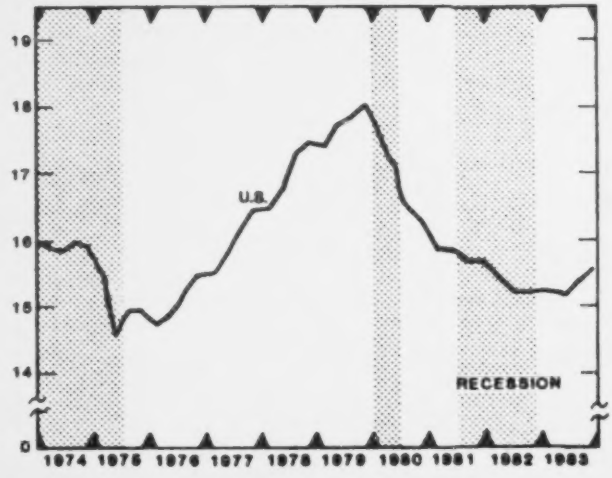
Plant Utilization Rates, Mfg.



Ratio, Inventory to Sales, Durable Mfg.



Ratio, Consumer Installment Debt to Disposable Personal Income, U.S.



Technical Notes

For the reader's convenience the notes which follow are organized in sequence for the pages which appear in the statistical section. Each note corresponds to the footnote or reference notation for the given page.

* Wherever an asterick appears the data is seasonlly adjusted.

Page S-2

1/ Four percent is a generally agreed upon criteria for measuring full employment. It allows for the movement of persons between jobs. Labor Force Unemployment Rate less four percent, based on official estimates.
2/ Estimated worker hours expended in nonfarm payroll employment as a percent of potential worker hours assuming that each member of the nonfarm labor payroll labor force was employed at a standard rate of 40 hours per week.

Page S-3

1/ The handbook unemployment rate is the estimate of unemployment prior to the Current Population Survey (CPS) adjustment.

Page S-7

1/ In billions of dollars at an annual rate.
2/ The contribution to total Personal Income of wages, salaries, and other labor income. Percent change entry in Labor Income Impact is the percent that the change in labor income comprises of the change in total Personal Income. This is not available for Minnesota on a quarterly basis.
3/ The figure for the quarter is the contribution to total Personal Income of proprietor's rental, dividend, and interest income. The percent change entry in Property Income Impact is analogous to the Labor Income Impact described in 2/ above.
4/ The contribution to total Personal Income of transfer payments (unemployment compensation, AFDC, etc.) The percent change entry is analogous to the Labor Income Impact in 2/ above.
5/ In dollars at an annual rate.
6/ In dollars per week.
7/ Real average weekly earnings are the average weekly earnings of production workers in manufacturing divided by the CPI.
8/ Annual data.
9/ Value is CPI-W (Urban Wage earners and clerical workers).

Page S-9

1/ U.S. data annualized in thousands. Source: Bureau of the Census.
2/ Base Year is 1967. Source: Federal Reserve Board.
3/ Totals may not add due to rounding.
4/ Values shown in percent change columns are deficit as percent of GNP for period cited.
5/ Source: Federal Reserve Board.

Available Publications

Employment, Hours, and Earnings, January 1970-February 1983, Minneapolis-St. Paul Area (April 1983)

1980 Occupational Employment Statistics in Minnesota (May 1982)

1981 Occupational Employment Statistics in Minnesota (November 1982)

Important Minnesota Occupations by Industry (January 1983)

Review of Labor and Economic Conditions and its Monthly Supplement (Recent Issues)

Unemployment Compensation Program Statistics: Total Wages, Taxable Wages, Contributions Due, and Benefits Paid, 1950-1978 (April 1980)

Minnesota Employment and Wage data by County (Second Quarter 1983) Limited number available for 1975-1981

Average Covered Employment & Wages by Economic Region for the Calendar Year 1982 by two Digits of Industry (also available for 1976-1981)

Minnesota Labor Market Information Directory (April 1982)

1983 Minnesota Salary Survey by Area (September 1983)

1983 Minnesota Hospitals and Nursing Homes Salary Survey (September 1983)

1983 Minnesota Wage Data by Industry and Size of Firm (September 1983)

Labor Market Information Summary for 1983 for Minneapolis-St. Paul SMSA (August 1983), St. Cloud SMSA (August 1983), Duluth-Superior (October 1983), and Minnesota (September 1983)

Cyclical Sensitivity in Minnesota (August 1981)

These publications are available upon request while supply lasts.

Write to: Director, Research and Statistical Services Office
Minnesota Department of Economic Security
390 North Robert Street
St. Paul, Minnesota 55101

2/22/84 S4160-3 A

CURRENT MINNESOTA LABOR MARKET CONDITIONS

January, 1984 Supplement to The Review of Labor and Economic Conditions
Prepared by the Research and Statistical Services Office, MN Dept. of Economic Security, 390 N. Robert St., St. Paul MN 55101, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Admin.

Nation

Although some of the Nation's economic indicators for December and the fourth quarter suggested that the economy may be slowing down, other barometers, especially employment, unemployment and income showed that the recovery was still continuing at a satisfactory rate. Moreover, the majority of economists believe that the upturn will persist throughout 1984.

The Nation's seasonally adjusted unemployment rate fell by 0.2 of a percentage point to 8.2 percent in December after a drop of 0.4 of a point in November. Since the recession high a year ago, the rate has declined by 2.5 percentage points. Total employment, also seasonally adjusted, rose by 335,000 in December after a large gain of 636,000 in November. Employment has risen by about 4 million since the end of the recession. Also, nonfarm payroll employment (seasonally adjusted) increased by 231,000 in December following an advance of 326,000 in November and has risen by 3 million since December 1982. Although total payroll employment has now exceeded the pre-recession high in July 1981, manufacturing has regained only half of the jobs lost during the recession.

Slower growth in real gross national product in the fourth quarter and smaller gains in industrial production and retail sales in December suggested that the recovery may be losing some speed. However, personal income and personal consumption expenditures showed a healthy increase in December. The recent solid gains in employment and income, together with low inventory levels and strong consumer demand, should extend the upturn well into the foreseeable future.

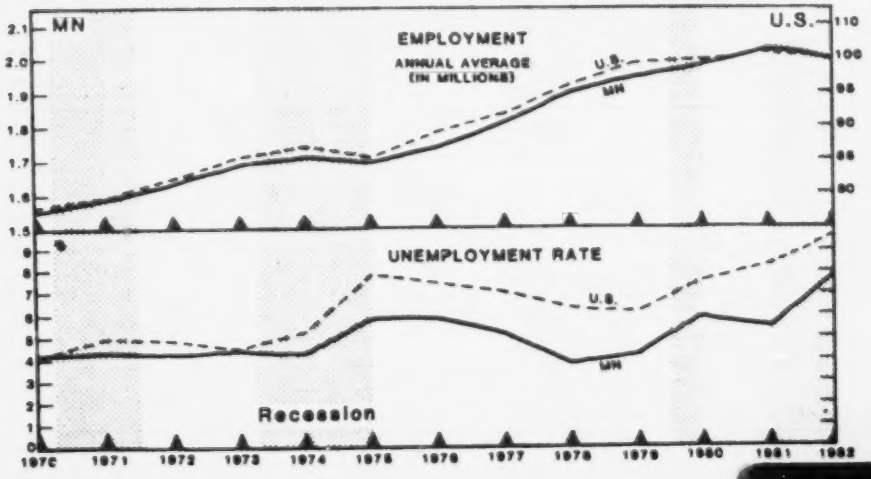
State

Strong over-the-year growth in total employment and a less than normal monthly increase in the unemployment rate indicated that the Minnesota economy was continuing to expand in December. Although the December gain in seasonally adjusted nonfarm payroll employment was not as large as in earlier months, payroll employment rose for the sixth consecutive month in December. However, the annual revisions of the establishment data which will be available in February are expected to show larger increases for payroll employment in 1983, especially in manufacturing.

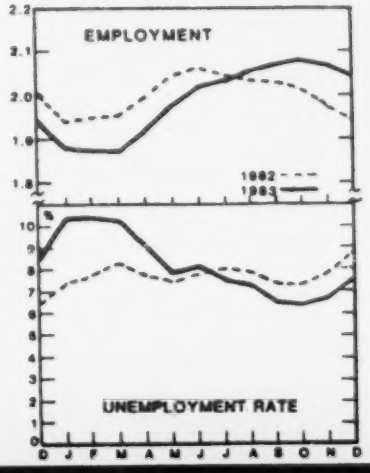
Minnesota's seasonally unadjusted unemployment rate rose 0.7 of a percentage point to 7.5 percent in December after a rise of 0.4 of a point in November. The increases in both months were somewhat less than the average rises for November and December. Also, the December drop of 1.4 percent in unadjusted total employment was less than the average December decline of 1.6 percent. Even more important, the over-the-year rise of 5.3 percent in total employment was the largest since the 5.3 percent gain in September, 1978. The over-the-year advances in total employment have been getting increasingly larger in every month since August. Meanwhile, seasonally adjusted nonfarm payroll employment rose a modest 2,300 in December after gains of 4,000 in November and 12,000 in October. The largest increases since the recession low in December, 1982 have occurred in trade (16,300), services (15,700) and manufacturing (8,900). However, total payroll employment was still below (43,000) the pre-recession high in January, 1981.

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	December 1983	Change From Last Mo.	Change From Year Ago	December 1983	Change From Last Mo.	Change From Year Ago
Civilian Labor Force	2212.8	-12.7	83.8	111.8	-0.3	1.3
Employed	2046.4	-28.3	103.1	102.8	-0.2	4.0
Unemployed	166.4	15.6	-19.3	9.0	-0.1	-2.7
Unemployment Rate						
Actual	7.5	0.7	-1.2	8.0	-0.1	-2.5
Seasonally Adjusted	n.a	n.a	n.a	8.2	-0.2	-2.6

MN and the U.S., Employment & Unemployment Rate



MN, 1982 and 1983



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Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

INDUSTRY	EMPLOYMENT[1] (thousands)			PER CENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Dec. 1983	Nov. 1983	Dec. 1982	Nov. 1983	Dec. 1982	Dec. 1983	Nov. 1983	Dec. 1983	Nov. 1983	Dec. 1983	Nov. 1983
TOTAL NONAGRICULTURAL	1744.6	1744.6	1693.9	0	3.0						
MANUFACTURING	342.0	342.3	333.2	-0.1	2.6	393.73	389.54	9.77	9.69	40.3	40.2
Durable Goods	203.7	203.2	196.9	0.3	3.5	406.31	401.88	9.91	9.85	41.0	40.8
Furniture, Lumber and Wood	13.2	13.5	12.4	-2.1	6.4	391.44	400.47	9.86	10.19	39.7	39.3
Stone, Clay and Glass	7.8	8.4	7.9	-6.7	-0.7	375.73	368.10	9.94	9.79	37.8	37.6
Primary Metals	5.0	4.9	5.0	3.1	1.4	373.98	374.59	8.99	8.94	41.6	41.9
Fabricated Metals	33.2	33.3	32.4	-0.2	2.5	462.02	450.55	11.16	11.07	41.4	40.7
Nonelectrical Machinery	80.9	80.0	76.9	1.2	5.3	420.40	416.42	10.13	10.01	41.5	41.6
Electrical Machinery	26.0	25.2	25.4	3.3	2.3	349.38	343.60	8.48	8.36	41.2	41.1
Transportation Equipment	6.3	6.1	6.0	4.0	6.0	459.64	464.20	10.97	11.00	41.9	42.2
Other Durable Goods [2]	31.1	31.8	30.9	-2.2	0.7	383.23	377.99	9.37	9.31	40.9	40.6
Nondurable Goods	138.3	139.1	136.3	-0.6	1.4	376.10	373.51	9.57	9.48	39.3	39.4
Food and Kindred	43.9	45.1	45.1	-2.6	-2.6	335.94	332.20	8.57	8.41	39.2	39.5
Textile and Apparel	4.6	4.6	4.4	-1.0	3.9	219.47	218.52	5.98	5.89	36.7	37.1
Paper and Allied	32.7	32.5	31.9	0.5	2.3	469.20	469.20	11.04	11.04	42.5	42.5
Printing and Publishing	36.0	35.8	35.3	0.6	1.9	374.71	373.24	10.21	10.17	36.7	36.7
Chemical and Petroleum	9.1	9.2	8.8	-1.2	3.5	427.00	428,08	10.81	10.81	39.5	39.6
Rubber and Leather	12.1	11.9	10.8	0.9	11.6	318.30	316.76	8.12	8.06	39.2	39.3
NONMANUFACTURING	1402.6	1402.3	1360.7	0	3.1						
Mining and Quarrying	7.0	7.2	6.5	-3.1	7.0	483.28	413.83	12.36	12.03	39.1	34.4
Metal Mining	5.5	5.1	5.0	7.0	9.8	515.48	430.34	13.05	13.12	39.5	32.8
Construction	59.7	68.0	54.9	-12.2	8.7	545.23	520.73	15.02	14.71	36.3	35.4
Building	18.2	19.9	15.7	-8.5	15.8	483.76	503.52	13.11	13.72	36.9	36.7
Highway and Heavy	7.9	12.7	6.4	-37.6	24.1	514.14	478.93	13.53	13.23	38.0	36.2
Special Trades	33.6	35.4	32.8	-5.3	2.4	587.53	548.68	16.55	15.95	35.5	34.4
Transportation	61.8	61.6	61.7	0.4	0.3						
Railroads	13.2	13.4	13.4	-1.1	-1.4	540.09	540.09	11.59	11.59	46.6	46.6
Trucking and Warehousing	24.0	23.7	23.5	1.3	2.1	431.80	435.08	11.83	11.92	36.5	36.5
Public Utilities	33.2	33.2	33.5	0.1	-0.8	508.64	509.92	12.78	12.78	39.8	39.9
Communications	19.0	19.0	19.4	-0.1	-2.4	480.78	480.39	12.08	12.07	39.8	39.8
Elec., Gas and Sanitary	14.3	14.2	14.1	0.3	1.3	538.73	542.80	13.57	13.57	39.7	40.0
Trade	450.6	443.2	434.0	1.7	3.8	228.90	225.95	7.36	7.36	31.1	30.7
Retail	338.4	330.9	323.3	2.3	4.7	184.15	182.25	6.35	6.35	29.0	28.7
General Merchandise	51.9	49.0	49.1	5.9	5.6	168.48	163.82	5.77	5.83	29.2	28.1
Food Stores	47.1	46.0	45.3	2.5	3.9	213.28	210.05	7.51	7.37	28.4	28.5
Automotive	35.0	34.6	33.4	1.2	4.7	303.69	302.88	8.12	8.12	37.4	37.3
Eating and Drinking	107.0	107.1	104.1	-0.1	2.8	111.39	111.39	4.72	4.70	23.6	23.7
Wholesale	112.2	112.2	110.7	-0.1	1.3	392.42	385.44	10.14	10.09	38.7	38.2
F.I.R.E.	100.6	99.8	97.7	0.8	2.9						
Finance	48.3	47.8	46.0	1.0	5.2						
Insurance	36.0	35.8	35.4	0.6	1.7						
Real Estate	16.3	16.2	16.4	0.6	-0.6						
Service Industries	397.3	395.7	381.7	0.4	4.1						
Hotel and Lodging	20.5	20.5	19.3	-0.1	6.1						
Business Services	61.0	60.6	57.6	0.6	6.0						
Health Services	135.8	135.6	133.4	0.1	1.8						
Private Education	24.8	24.8	24.4	0.3	1.8						
Soc. Serv., Museums etc.	85.9	85.1	81.1	0.9	5.8						
Government	292.5	293.7	290.6	-0.4	0.6						
Federal	30.2	30.1	30.1	0.4	0.4						
State	74.9	75.7	73.7	-1.1	1.7						
Local	187.4	187.9	186.9	-0.3	0.3						

[1] Totals may not add because of rounding.
[2] Includes Scientific Instruments and Miscellaneous Industries.

Labor Force Data: State, SMSAs, and Counties

Area or County	December, 1983 Prelim.		
	Labor Force[1/]	Unemp.	Un. Rate
State of Minnesota	2212830	166387	7.5
Metropolitan Areas			
Duluth/Superior (Duluth City Only)	36283	3881	10.7
Fargo/Moorhead (Clay County, MN Only)	29080	1989	6.8
Minneapolis/St. Paul SMSA[2/]	1219898	68217	5.6
Rochester SMSA (Olmsted Co.)	62105	3329	5.4
St. Cloud SMSA[3/]	80104	7278	9.1
Counties			
Aitkin	5437	951	17.5
Anoka	115932	6905	6.0
Becker	11745	1862	15.9
Beltrami	16712	1587	9.5
Benton	12394	1158	9.3
Big Stone	3858	311	8.1
Blue Earth	29104	1774	6.1
Brown	15416	1302	8.4
Carlton	12117	1403	11.6
Carver	21850	1243	5.7
Cass	9929	1473	14.8
Chippewa	7144	674	9.4
Chisago	15688	1383	8.8
Clay	29080	1989	6.8
Clearwater	4003	830	20.7
Cook	2191	315	14.4
Cottonwood	7373	519	7.0
Crow Wing	17524	2180	12.4
Dakota	115045	7068	6.1
Dodge	8150	732	9.0
Douglas	13479	1214	9.0
Faribault	10426	827	7.9
Fillmore	12065	1065	8.8
Freeborn	18265	1870	10.2
Goodhue	20028	1495	7.5
Grant	3483	300	8.6
Hennepin	551377	27704	5.0
Houston	10103	762	7.5
Hubbard	5667	817	14.4
Isanti	10489	992	9.5
Itasca	18336	2827	15.4
Jackson	7802	465	6.0
Kanabec	5469	723	13.2
Kandiyohi	18643	1621	8.7
Kittson	3386	350	10.3
Koochiching	7767	946	12.2
Lac qui Parle	5662	396	7.0
Lake	4291	1047	24.4
Lake of the Woods	1954	204	10.4
Le Sueur	11242	1204	10.7
Lincoln	3607	280	7.8
Lyon	15466	1399	9.0
McLeod	16832	1240	7.4
Mahnomen	2789	326	11.7
Marshall	6464	1002	15.5
Martin	13488	1013	7.5
Meeker	10876	1058	9.7
Mille Lacs	8803	950	10.8
Morrison	12457	1582	12.7
Mower	18334	1537	8.4
Murray	5991	661	11.0
Nicollet	14922	854	5.7
Nobles	11937	1040	8.7
Norman	4456	351	7.9
Olmsted	62105	3329	5.4
Otter Tail	24323	2491	10.2
Pennington	6580	706	10.7
Pine	9725	1309	13.5
Pipestone	5499	362	6.6
Polk	16150	1310	8.1
Pope	5253	539	10.3
Ramsey	270540	14779	5.5
Red Lake	2219	417	18.8
Redwood	10471	679	6.5
Renville	11569	1012	8.7
Rice	24331	2215	9.1
Rock	5468	298	5.4
Roseau	5750	782	13.6
St. Louis (Inc. Duluth)	93119	15534	16.7
Scott	26230	1875	7.1
Sherburne	14649	1307	8.9
Sibley	8222	752	9.1
Stearns	53061	4813	9.1
Steele	16347	1234	7.5
Stevens	5705	392	6.9
Swift	6095	586	9.6
Todd	11382	1066	9.4
Traverse	2718	235	8.6
Wabasha	9462	920	9.7
Wadena	5607	623	11.1
Waseca	8861	645	7.3
Washington	67150	3974	5.9
Watonwan	6849	496	7.2
Wilkin	4272	305	7.1
Winona	22669	1706	7.5
Wright	36086	3286	9.1
Yellow Medicine	7315	629	8.6

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is Applied to all county and SMSA areas. County and area unemployment was multiplied by an adjustment factor of 1.55; employment was multiplied by 1.06. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

2/ Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright Counties.

3/ Benton, Sherburne, and Stearns Counties.

Selected Minnesota Program Statistics

Characteristics of the Insured Unemployed

Tables 1 and 2 provide data on persons who filed a claim for unemployment compensation in Minnesota during the month. Only those claiming benefits from the regular State program are represented since data on the characteristics of Federal employees and veterans are not available.

The total number of claimants for unemployment benefits rose by 15,876 or 47.9 percent to a level of 48,762 in December. December's rise was slightly less than the average November to December percentage increase of the past five years. More than half of the December gain was among claimants in construction while nearly a fourth of the increase was due to larger numbers of claimants in manufacturing. Over-the-year, the number of claimants fell by 23,629 or 32.6 percent. Claimants were below their earlier levels for the tenth consecutive month in December. Over forty percent of the total decline in claimants from a year ago was in the manufacturing sector. The largest drop in percentage terms from a year earlier was in the mining industry where significant numbers of workers have exhausted their benefits.

Table 1. Distribution of Insured Unemployed, By Age and Sex, December, 1983

Age Groups	Number	Percent Distributions		
		Men of Totals	Men of Men	Women of Women
TOTALS	48762	75.6	100.0	100.0
Under 45	37334	77.0	78.1	72.0
Under 25	9893	76.5	20.5	19.5
25-34	17776	78.9	38.1	31.5
35-44	9665	74.2	19.5	21.0
45 and Over	11428	70.8	21.9	28.0
45-54	6541	72.2	12.8	15.3
55 and Over	4887	68.8	9.1	12.7

Table 2. Distribution of Insured Unemployed By Industry and Occupation, December, 1983

Industry and Occupational Attachment	Number	Percent of Total	Percent Long-Term 1/ Unemployed	Women as Percent of Total
Total, All Industries	48762	100.0	10.7	24.5
Ag., For., Fish.	1549	3.2	4.1	11.6
Mining	3457	7.1	3.7	4.6
Construction	13673	28.0	2.4	3.3
Manufacturing	11539	23.7	10.6	32.8
Pub. Utilities	1845	3.8	10.8	13.5
Wholesale Trade	2737	5.6	18.1	21.2
Retail Trade	4808	9.8	19.2	40.2
Fin., Ins., Real Est.	942	1.9	28.4	51.1
Services	6588	13.5	21.6	55.1
Public Admin.	1253	2.6	9.7	34.2
Inf. Not Available	371	0.8	2.1	11.6
Total, All Occupations	48762	100.0	10.7	24.5
Prof., Tech., Mgr.	4527	9.3	30.2	38.1
Clerical	4001	8.2	25.1	81.2
Sales	1347	2.8	25.1	31.0
Services	3302	6.8	16.2	58.3
Farm., For., Fish.	1418	2.9	2.8	14.4
Processing	2273	4.6	5.2	43.0
Machine Trades	2298	4.7	12.6	11.2
Benchwork	3861	7.9	9.6	52.1
Structural Work	15148	31.1	3.4	2.2
Misc.	10193	20.9	6.0	7.3
Inf. Not Available	394	0.8	12.5	42.2

1/ Long-Term unemployed refers to unemployment insurance claimants whose current spell of unemployment has lasted 15 weeks or longer.

Job Service Applicant Supply and Demand

Table 3 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and Managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 3 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work.

Table 3. Experienced Supply/Job Openings Demand 1/

Occupation	Applicants (Supply)	Job Openings (Demand)	Supply/Demand Ratio	
Total				
Prof., Tech., Mgr.				
Clerical				
Sales				
Dom. Services				
Other Services				
Farm., Fish., For.				
Processing				
Machine Trades				
Benchwork				
Structural Work				
Mtr. Frght., Trans.				
Pkg. & Mat. Hndlg.				
Other				

Data for Table 3 is not available due to processing problems. This information will be included in future issues if it becomes available.

1/ Inexperienced and improperly coded job applicants are not included in this table.